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—
Chair

The Honourable Wayne Easter

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• (1530)

[English]

The Chair (Hon. Wayne Easter (Malpeque, Lib.)): We shall call the meeting to order. Pursuant to the order of reference of Tuesday, April 30, 2019, the committee is studying Bill C-97, an act to implement certain provisions of the budget tabled in Parliament on March 19, 2019, and other measures.

We have the honour of the Minister of Finance, the Honourable Bill Morneau, appearing before us, as well as Rob Stewart, associate deputy minister, and Andrew Marsland, assistant DM. I believe there's a number of other finance officials in the room.

Mr. Minister, the floor is yours. I understand you have an opening statement and then we'll go to questions. Welcome.

Hon. Bill Morneau (Minister of Finance): Thank you. I have an hour and a half opening statement that I thought I'd start with. Seriously, though, thank you, Mr. Chair.

I'd like to thank all the members of the committee for having me here today. It's good to be back before this committee to discuss the budget implementation act.

Before I speak about the measures in this bill, I'd like to thank all the members on this committee for their due diligence on the pre-budget consultations. That obviously was critically important to us as we moved forward in the preparation of our budget. Of course, I'd also like to thank you now for your work on the budget implementation act.

[Translation]

This bill is the next step in our plan to invest in the middle class and ensure economic growth. Clearly, investments are essential if we are to do that.

When I talk to Canadians, they say they remember the situation in 2015. The Canadian economy had slowed down. People felt abandoned. During the years that followed, we worked extremely hard to reverse the situation through investments in people and communities, investments that bore fruit.

[English]

Canadians, supported by the government's economic plan, have created more than 900,000 new jobs since 2015, pushing the unemployment rate to near 40-year lows. Middle-class families are better off across the country, and fewer people are living in poverty in Canada today. That's a lot of progress over three and a half years,

but we know there's still much more work to do. People are still feeling anxious about their futures and their ability to make big, long-term investments in their families.

That's why our government, through this budget implementation act, is taking more steps to invest in the middle class and the things that Canadians need to succeed. I'd like to take the opportunity this afternoon to highlight some of those important measures.

For many Canadians, one of their top concerns is their job. That makes sense. Canadians want to take pride in their work and be able to support themselves and their families, but as the global economy continues to evolve and as things like automation transform the job market, the skills people have today will need to change. This is a challenge that all industrialized countries are facing. What sets Canada apart and what will help us to remain competitive in the global economy is our people and the investments we make in them.

This year's budget proposes to introduce the Canada training benefit, a new benefit that will help Canadians to prepare for, to plan and to get the training they need. An important part of the benefit included in the budget implementation act is a training credit that will give working Canadians \$250 every year to put toward the cost of future training, a credit that can add up to as much as \$5,000 over the course of a career. That's the kind of long-term planning that you, as members, will be able to see in the course of reviewing all of our budget.

Housing is another good example. Our government believes that every Canadian should have a safe and affordable place to call home. The budget implementation act would enact Canada's first national housing strategy act, requiring the federal government to prioritize the needs of the most vulnerable in our society. It would require the government to report on progress toward achieving the strategy's goals, like building 100,000 new housing units, repairing 300,000 other units and cutting homelessness in half.

The BIA also proposes measures to help Canadians take their first steps toward home ownership. It would amend the National Housing Act and allow the Canada Mortgage and Housing Corporation to offer shared equity mortgages to eligible homebuyers. The first-time buyer incentive would reduce the monthly payments required for people in the purchase of their first home. For a new condo or house worth \$400,000, the savings could be more than \$225 per month. This measure is expected to help approximately 100,000 Canadians to buy their first homes.

The act would also increase the homebuyers' plan withdrawal limit, giving first-time homebuyers greater access to the savings in their registered retirement savings plan to buy a home. These measures would be especially beneficial to young Canadians for whom home ownership seems increasingly out of reach.

• (1535)

Housing isn't the only place where barriers exist for young people and that's why we're also working to make education more affordable. With the measures in the budget implementation act, students wouldn't have to start repaying their Canada student loans for six months after they graduate and interest wouldn't accumulate on those loans during that time period. That gives people time to start a career and to begin saving up. It's a change that sets young Canadians up for success, allowing them to focus on what they want to do, not on what they have to pay.

We're taking a similar approach with seniors. Through budget 2019 and through the budget implementation act, we're taking steps to make retirement more financially secure.

[Translation]

In order to help low-income seniors, we intend to raise the Guaranteed Income Supplement earnings exemption. This means that seniors will keep a larger part of their pay and benefits.

So that all workers may derive full advantage of their contributions to the Canada Pension Plan, we propose to register them proactively. The objective is to guarantee that those who contribute to the CPP and are 70 or more and have not yet registered to receive their pension benefits, will receive them. They deserve them. However, these are not the only measures that will allow us to protect Canadians and their families in the context of this bill based on communities and clean growth.

One of the other measures is to build a cleaner and more sustainable Canada. As you know, we already work with the provinces and territories to put a price on carbon pollution and fight climate change. We are going even further with Budget 2019 by making zero-emission vehicles more affordable, including for the businesses that want to renew their vehicle fleets.

The Act to implement certain provisions of the budget would allow those businesses to recover that investment faster.

[English]

Another way we're helping to protect Canadians is by combatting financial crime. I know this committee has done a lot of work in this regard and I know that you've looked at how we can best do that, and I'd like to thank the committee for that work. With this legislation, we know we can help improve Canada's anti-money laundering and

anti-terrorist financing framework, strengthening the resources, intelligence and information sharing needed to identify and meet evolving threats, while also continuing to protect the privacy rights of Canadians and manage the regulatory burden on the private sector.

I could provide more examples. After all, as you know, this is an ambitious agenda, but what I'd like to do instead as I conclude my remarks is to thank the members of this committee for their careful attention to the bill. It's a bill that will help prepare Canadians for good jobs, make it easier to buy a home, and help young people starting out and seniors as they retire.

I'm happy to take your questions.

The Chair: Thank you very much, Mr. Minister.

We should have time for 14 rounds. We'll start with the first round of seven minutes for four speakers and then go to five.

Ms. Rudd.

Ms. Kim Rudd (Northumberland—Peterborough South, Lib.): Thank you, Chair.

Thank you, Minister, for coming today, and to your team, which I know has worked very hard on our budget as well.

As you know, my riding is Northumberland—Peterborough South. Mine is a 3,000 square-kilometre rural riding in eastern Ontario. The diversity of our economy and the diversity of our population are things that I am seeing reflected in this budget.

The Canada child benefit, which of course was announced in a previous budget, just to give some sense of it, brings just under \$6 million a month into our riding. When I go around and talk to small businesses, shopkeepers and stores, they're seeing the benefit of that money being spent in our riding. The lift that's being received, in terms of economic development in my riding and, I would say in rural communities specifically, has been significant.

There's another demographic within my riding, I believe the last StatsCan numbers showed that just over 40% of my riding is over the age of 55, so seniors and issues surrounding seniors are very important to us. There were a couple of things in this budget that responded to a number of things I was hearing. Certainly in a previous budget, when we increased the guaranteed income supplement by almost \$1,000 for the most vulnerable seniors, if I'm remembering the numbers correctly, that lifted about 100,000 seniors out of poverty and prevented about 150,000 from falling into poverty.

This current budget talks about the enhancement of the earnings exemption, whereby, in easy terms, seniors are able to work and retain more of the income they have earned without losing the benefit of the GIS and those benefits and supports that go along with it. One of the things that surprised me when I read the budget was the automatic enrolment for those aged 70 and over. What I was surprised at were the number of people who hadn't enrolled to receive the benefits they were entitled to. I know we've done that in other programs and I see that as something very positive.

One thing in particular that I'm not sure has received as much attention as it should is something called the advanced life deferred annuity. When you mention those words, people's eyes glaze over, but I heard from a lot of my seniors who were middle-income that they were looking for something that would help them, as they retired a few years ago when life expectancies were shorter. They're much longer and people are concerned that they're actually going to outlive the money they have saved over their working years in order to retire. This talks specifically to the ability of people to take some of their RSPs and move them into an annuity for the time past age 85.

I wonder if you could speak a bit about why that's in here and what you see as being a benefit to retirees.

• (1540)

Hon. Bill Morneau: Thank you, first of all, for your overall comments around what we're trying to achieve, and in particular, what we're trying to achieve around seniors.

I never really expected that I would be able to get a question on deferred life annuities in my role as finance minister. You might remember I co-wrote a book called *The Real Retirement* when I was in the private sector, and I used to call it a cure for insomnia. What I would suggest to people who had severe challenges with getting to sleep at night was just to put the book right beside their bed stand and that would help them enormously with that particular challenge.

I think what I can do as well with this issue is that I can take the notes on the deferred life annuity and I can put it by your bed stand so that it will help you out in the long term.

The fact that it's detailed and causes that challenge doesn't take away from the seriousness of the issue for so many Canadians, but it is important, as you said, to put it in context. We're trying to help people who have worked hard during the entire course of their lives to have a dignified retirement, and there are multiple ways we need to work to achieve that.

In this budget there are a few things that we've done, and this is one of them that we think will have an important impact on a lot of Canadians. The change in the clawback rate on the guaranteed income supplement is particularly important. For seniors who are in a situation where they want to continue to work, especially in their early retirement years, we've increased the amount of money they can earn before they get a clawback on their guaranteed income supplement. What this means is that they'll have more money in their pockets and it will enable them in those early years to be successful at work while they're partially retired.

The Canada pension plan automatic enrolment was important because we just thought that was the best way to ensure people got those Canada pension plan benefits. However, we found as we were going through this that there were 40,000 Canadian seniors who were eligible for Canada pension plan payments, and many of them who hadn't actually applied for it had only had small amounts of attachment to the workforce so they didn't necessarily understand that they were qualified. What we did was we made sure that we put funding in to actually find those 40,000 people and improve their ability to get those benefits. It will be huge. There are a lot of elderly single seniors, a lot of women with relatively small amounts of

workforce attachment in the generation behind, and on average I think it's about \$3,000 per year that people will be getting.

The deferred life annuity is another issue that we thought was important. We wanted to make sure that Canadians don't basically outlive their retirement savings. It's a way of us thinking about how we can ensure that within the confines of our currently existing retirement system. It's allowing us to provide more options for those Canadians who don't have a defined benefit pension plan. You'll know that with a DB plan, of course, people get regular payments monthly and they know what those are going to be for the long term.

Buying a deferred life annuity can give them a similar sort of consistency in terms of their payments over their retirement years. This will provide individuals with increased flexibility in managing how their savings are received in retirement so that they can take this as their new approach. We think it will enhance retirement security. For many people, it will give them a greater sense of confidence that their money is still going to be there during the course of their lives and it's not going to run out because they budgeted inappropriately maybe during the early years of their retirement and were left with not enough money in later years. It's an important vehicle and one that, as you say, didn't have that much profile because it's maybe something people didn't dig into, but I think for a significant number of seniors it will give them more comfort in their retirement.

• (1545)

The Chair: We'll have to end it there.

Mr. Poilievre, you have seven minutes.

Hon. Pierre Poilievre (Carleton, CPC): When will construction begin on the Trans Mountain pipeline?

Hon. Bill Morneau: As you know, we are currently going through an engagement process with the Trans Mountain pipeline expansion project. That has been announced to be a process that will end on June 18. At that stage, the decision on the project's next steps will come to cabinet and we'll come to a conclusion on the appropriate next steps.

Hon. Pierre Poilievre: When will construction begin on the Trans Mountain project?

Hon. Bill Morneau: As I said, I think what we want to do is to make sure we go through this process in the appropriate way in responding to the court decision on the Trans Mountain pipeline expansion. We are doing that, and as we get to a conclusion—as I said, June 18 will be the date—we'll have more information for you.

Hon. Pierre Poilievre: You promised that the project would begin construction before last summer. Still, there's not a single shovel in the ground. When will construction begin on the Trans Mountain project?

Hon. Bill Morneau: I'm happy to continue answering the same question with the same response.

We've set out to follow the court direction and to ensure that we do that in a way that meaningfully engages indigenous peoples and other people concerned with this project.

We are going through that. I believe it's a robust process that, as we've said publicly, will conclude in time for us to bring a decision to cabinet on June 18.

Hon. Pierre Poilievre: When will cabinet announce its decision?

Hon. Bill Morneau: As I just identified, we are going through a process and will—

Hon. Pierre Poilievre: On what date? I just need the date. That's all.

Hon. Bill Morneau: Perhaps there is an acoustic problem—I'm not sure. We're coming to that conclusion on June 18.

Hon. Pierre Poilievre: You'll announce on the 19th or the 20th of June?

Hon. Bill Morneau: For clarity, we're going through a process that will culminate in a cabinet decision on June 18. That will be the time period during which we'll be able to communicate to Canadians what our conclusion was.

Hon. Pierre Poilievre: Wow. We will get a decision on the Trans Mountain pipeline on June 18. Your counterpart, Minister Sohi, has said there might not be a decision before the election, but you're confirming there will be. Is it yes or no?

Hon. Bill Morneau: What I am confirming, as I have just said, is that the process that we've been going through will lead us to a cabinet discussion on—

Hon. Pierre Poilievre: A discussion.... Will the decision be announced before the election, yes or no?

Hon. Bill Morneau: I expect that on June 18 we'll be able to provide you with more information because we're going through a process—

Hon. Pierre Poilievre: A decision...?

Hon. Bill Morneau: As I said, we're going through a process that will lead us to a—

Hon. Pierre Poilievre: Sorry. You bought the thing a year ago. You promised that construction would begin immediately. You said at the very latest it would start last summer. It hasn't started. I've asked you five times already when the construction will begin. You can't give an answer and now you can't even tell us when you'll publicly reveal your decision on whether it's going to go ahead—ever.

Can you understand why Canadians are a little worried that, after you put \$4.5 billion of their money at stake and cancelled two other pipelines, you just might have engaged in a monstrous boondoggle here?

• (1550)

Hon. Bill Morneau: We recognize that it's important that we go through the review and the discussions with the intervenors in this project in a way that respects their points of view. That process is going on.

I'm quite encouraged because the process is going on at the pace that I expected it to, and that—

Hon. Pierre Poilievre: Really, you expected it would take a year before any construction began?

The Chair: Mr. Poilievre, the minister has the floor.

Hon. Bill Morneau: As we have publicly stated, that is leading to our ability to get to a discussion on this on June 18. We're looking forward to—

Hon. Pierre Poilievre: There has been lots of discussion. We know that you do nothing but discuss. We want a decision and construction.

Can you give us the date that you will announce the decision and the date construction will begin? Two dates are all I'm looking for.

Hon. Bill Morneau: We want to be really clear with Canadians. This is an important project.

Hon. Pierre Poilievre: Please do be clear.

Hon. Bill Morneau: We took this project on because we saw that there were challenges in achieving what we saw as the desired outcome, which was the ability to get our resources to international markets—an ability that the previous government was unsuccessful at achieving. We took on this project and we are now responding to the court decision in the way that the court directed us to. That is leading us to the culmination of that process on June 18.

We will have more to say for Canadians at that time.

Hon. Pierre Poilievre: One last chance.... When will construction begin on the Trans Mountain project?

Hon. Bill Morneau: Again, we're looking forward to the conclusion of these discussions with the intervenors in the project. That process, which is moving forward, will lead us to have a conclusion that we'll be able to discuss with cabinet—

Hon. Pierre Poilievre: You can't build a pipeline in Canada but you are funding the Asian infrastructure bank, which has, as part of its mandate, building pipelines in Asia. It is a China-led bank.

Given that you can't build pipelines in Canada and given that your deficit smashes all of your promises during the election, wouldn't it be a small, symbolic decision to at least cancel your wasteful investment in the Asian infrastructure bank?

Hon. Bill Morneau: I think one of the things we all, as elected representatives, should always keep in mind is that we want to make sure that Canadians and investors, both from here and abroad, can see the opportunities here. I was delighted yesterday morning to have the opportunity to meet again with the current and now incoming CEO of LNG Canada to talk about their significant investment in Canada—

Hon. Pierre Poilievre: I'm asking about the Asian infrastructure bank. It has nothing to do with the LNG project.

The Chair: Pierre, the minister has a few more seconds to answer your questions. The floor is his.

Hon. Bill Morneau: There were actually a number of things in the question. One of them was that we can get big projects done in Canada. That project includes a pipeline, which is going to be important in getting LNG to markets in Asia and beyond.

That's one good example of something—

Hon. Pierre Poilievre: Could I have a few more seconds, Mr. Chair?

The question was about—

The Chair: He has the right to answer your question. He's answering it. You're out of time.

Do you have a quick answer, Minister?

Hon. Bill Morneau: I think I answered the question. Thank you.

The Chair: Mr. Dusseault.

[Translation]

Mr. Pierre-Luc Dusseault (Sherbrooke, NDP): Thank you, Mr. Chair.

Thank you, Minister, for having taken the time to come before us to explain your plan and budgetary measures. What I am most interested in is the fact that this is the last-chance budget for 2019. A lot of promises were not kept by your government up until now, and are not on the way to being kept. The first one concerns the elimination of subsidies to the fossil fuel sector. That was a clear and distinct promise made by the Liberal Party during the last election.

Since that time, you have done absolutely nothing. The only thing you've managed to announce in the recent budget is that Argentina is going to assess Canadian subsidies to fossil fuels. According to our most recent estimates, tax gifts of every kind totalling about \$1.6 billion a year are being offered to businesses that are amongst the most profitable in the country, and are in the fossil fuel sector. That is the opposite of what the government's objective and priority should be, that is to say green energy. To get back to what my colleague mentioned, you invested \$4.5 billion in a pipeline that has been around for 65 years and is leaking, and you intend to invest up to \$10 billion in an expansion project that will double its capacity.

How do you explain that we are where we were in 2015? There are still \$1.6 billion in subsidies for oil companies, and in addition you are giving \$4.5 billion more to an American oil company based in Houston.

• (1555)

Hon. Bill Morneau: Thank you very much for the question. It touches on an important point.

As you know, we have introduced several measures to improve our environment. We considered the approach that would be necessary to reduce carbon in our environment. Of course, we believe it is very important to put a price on pollution. In the long term, this will have an enormous impact on our environment. This approach will encourage companies and investors to consider investing large sums in that area. Of course, we made promises as to the way we could execute an important transition by 2025, and we are doing that. We are taking part in a process with Argentina, as you said.

Mr. Marsland will provide further details on what we have done up till now.

Mr. Pierre-Luc Dusseault: There is a new process with Argentina, but I'd like to know when we will eliminate the subsidies for fossil fuels, and at least make good on that promise.

Mr. Andrew Marsland (Assistant Deputy Minister, Tax Policy Branch, Department of Finance): Tax-wise, there were nine explicit subsidies since the commitment made at the G20. Now there is only one of those subsidies left. As for the others, the government rationalized them.

[English]

That is including, most recently, a rationalization of the Canadian exploration expenses, the ability to pass through certain expenses and the commitment to allow the accelerated depreciation for LNG to expire as of 2025, which is the date of the G20 commitment to eliminate fossil fuel subsidies in the medium term, which is interpreted as 2025.

[Translation]

Mr. Pierre-Luc Dusseault: Thank you, that answers my question.

[English]

Mr. Andrew Marsland: With respect to the number, I'm not sure that we could substantiate the number you quoted, but we're willing to provide information to the committee, of course.

[Translation]

Mr. Pierre-Luc Dusseault: Fine. I understood that it was for 2025.

The other unkept promise, which was a very clear one, was the one about stock options. You at least mentioned that in the budget, and I have to recognize that.

In your budget statement, you mentioned that this was a highly regressive measure. You admit that the measure is regressive, and even include very clear figures in your budget. I will mention them so that people who are listening to us understand well.

In 2017, 2,330 individuals who earned more than \$1 million a year shared \$1.3 billion in tax advantages related to stock options. And then there were 20,140 individuals who earned less than \$200,000 a year, who shared \$120 million thanks to that measure. In your own words, this is a highly regressive measure.

The only thing you did in the budget, even though this relates to a 2015 promise, is say that you would examine the issue and make an announcement next summer. Bill C-97, which we are now studying, was your opportunity to change the Income Tax Act to finally correct it and provide that fairness.

Why did you again postpone a promise you made to Canadians, and which you have still not kept four years later, and are postponing again?

• (1600)

Hon. Bill Morneau: Thank you for the question.

As we said in our budget, we decided that it was necessary to take a different approach to stock options. We think it's important to see to it that companies that are experiencing growth—in several cases small and medium enterprises—have the opportunity to offer stock options. It's very important for them.

Mr. Pierre-Luc Dusseault: You have been saying that for four years. It's been four years since we asked the question and you have given that same answer over those four years.

Hon. Bill Morneau: Yes, but we explained—

Mr. Pierre-Luc Dusseault: You did not find a solution.

Hon. Bill Morneau: This year, we explained that we would find a solution. We are going to provide more details over the next weeks and months to explain how it will be possible to keep what we have, which is important for growing companies.

However, at the same time, we must ensure that people who earn a lot of money thanks to the current system pay their fair share of tax. As always, we must find a balance and we are doing that.

If you want more details, Mr. Marsland can explain things.

Mr. Pierre-Luc Dusseault: No thank you.

[*English*]

The Chair: We will have to end it there. Time flies when everybody is having fun.

We'll turn to Mr. Sorbara, and then we will be back to Mr. Poilievre for five minutes.

Mr. Sorbara.

Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.): Thank you, Chair, and welcome, Minister.

Minister, last year, the Trump administration undertook a massive tax reform both on the corporate side and on the personal side. Two of those measures were to reduce corporate income tax rates and the second one was to bring in accelerated depreciation. Various groups advocated for changes in our tax rules to ensure we remained competitive. A.T. Kearney put out a report a few months ago saying that we had moved up the ranks and are number two in the world, slightly behind the United States.

I would like to hear some colour on our decision-making in terms of the measures we put in place to ensure companies in my riding in Vaughan—as you know, Martinrea, Magna and, in York Region, a number of large manufacturers—can continue to invest in Canada and continue to create good middle-class jobs.

Hon. Bill Morneau: Thank you. This is a really important subject. It's obviously one that was unexpected in the sense that the U.S. made significant changes.

The U.S. tax code, prior to their changes, was largely one that had fallen behind other OECD countries. Canada had already moved to lower corporate tax rates prior to the United States. We found ourselves in a situation prior to those changes and, in fact, afterwards as well, where we had a very competitive corporate tax rate. Our corporate tax rate, when you add in provincial and federal taxes, is roughly around 27% for large corporations and obviously a lot lower for small corporations, where we have the lowest small business tax rates among G7 countries.

When the U.S. changed their rates from an average of about 35% down to about 26%, they effectively changed them to be in the same zone as Canada. Of course, it made things more advantageous for companies in the United States. They broadened the base at the same time and added more things that were considered taxable, but importantly, they allowed companies to accelerate the depreciation of capital investments on a rapid basis. That created a situation where they were more competitive than Canada was with those changes.

That was what led us, in our fall economic statement, to accelerating the ability to depreciate capital cost investments for businesses in Canada. We did it slightly differently than the United States did. We added more categories, or we have more categories that are able to be depreciated, meaning that the analysis that we took on concluded that the ability for the next investment in Canada by an organization would mean there would be a 5% advantage on accelerating that depreciation in Canada versus the United States, allowing us to be in a competitive spot for new investments that should create jobs and help our economy to grow.

Mr. Francesco Sorbara: Thank you, Minister.

I would add that last night I attended the Chemistry Industry Association's annual international conference here. We've seen a number of projects, including Inter Pipeline, a \$3.5-billion project, a joint venture between Pembina and the Kuwaitis. We also have the approval for LNG Canada, in the area of the country I grew up in, northern British Columbia. That will create tens of thousands of jobs and a great benefit for our economy, which will benefit from the introduction of the accelerated invested incentive.

I would like to pivot and move on. Within the BIA, there is a section with regard to poverty reduction. It's something that doesn't happen overnight. It happens with a number of policy instruments that our government has introduced. In my wonderful riding of Vaughan—Woodbridge, where I have the privilege of representing those residents, every month, with the Canada child benefit, nearly \$5 million gets sent to the residents there, benefiting over 16,000 children. The exact number is 16,210 in over 9,000 families.

On February 26, StatsCan put out the Canadian income survey. It showed a large drop in poverty levels in Canada. I think the exact number is 825,000. I would really like to hear of policy measures that our government is continuing to adopt to reduce poverty and lift people into the middle class across Canada.

• (1605)

Hon. Bill Morneau: This is a really important discussion. Obviously we set out to make sure we could not only ensure that middle-class Canadians were more optimistic but also that more people had the opportunity to be successful and get into a better financial situation, particularly those who were impoverished.

There are three measures that we think have made the biggest impact. One is, as you say, the Canada child benefit that lifted literally hundreds of thousands of children and of course their families in many cases out of poverty. Another is the Canada workers benefit that gives a benefit to people to get into work if they're not in work and enhances that benefit so that, as they move off social assistance, they get more value from that. Also, there is the increase in the guaranteed income supplement for single seniors.

Those three measures together were what largely added up to the 825,000 people who moved out of poverty. It's one of those things that, as we look back on what's been achieved during this first term of the Trudeau government... We will look back and say that it's quite remarkable that, in three and a half years, we've reduced the poverty level from over 12% to about 9.5%, helping hundreds of thousands of Canadians to be in a better situation today and more optimistic for tomorrow.

It's particularly important when we think about the challenged demographics we have in this country. Getting more people into work and getting more people with the capacity to invest in themselves and their families provide for greater future prosperity for them and for our whole economy. We need people to be seeing that kind of success.

Mr. Francesco Sorbara: I think I have a few seconds left, Chair.

The Chair: Please be very quick.

Mr. Francesco Sorbara: I would like to have on the record, going back to the accelerated investment incentive, that the marginal effective tax rate on new investments in Canada is approximately four percentage points lower than it is in the United States and amongst the lowest in the G7. I applaud you and your department for undertaking that initiative and allowing firms to continue to invest in my riding. There's a very large and heavy manufacturing presence in my riding and I do understand their concerns and needs. I meet with them regularly.

I thank you for coming to the committee today.

The Chair: I'll take that as a statement, not a question.

Mr. Poilievre, you have five minutes.

Hon. Pierre Poilievre: Your department conducted a review of tax credits and I want to know what tax increases you considered.

Did your department ever discuss with you, or you with them, in person or in writing, the idea of cancelling the health and dental benefits tax break that exists?

Hon. Bill Morneau: You're referring to the—

Hon. Pierre Poilievre: Health and dental benefits are not taxable. Did you ever discuss the idea of making them taxable with any of your officials, in writing or in person?

Hon. Bill Morneau: I believe you're referring to the employee benefit, the non-taxability of employee benefits.

I think you're going back to the review we did of taxes that was... during which period?

Mr. Andrew Marsland: It was in the period 2016-17.

Hon. Bill Morneau: Yes, it was in 2016, and we did take a look at all the tax credits available to Canadians to understand their

effectiveness, their distributional impacts and their costs to the government.

Although I can't remember any specifics of the documentation I received at that time, I imagine the review would have been comprehensive so that we could ensure we had considered all measures. As is clearly demonstrated by the continuing status of that —

• (1610)

Hon. Pierre Poilievre: Did you...? I asked a very short question, Chair. I just want a quick answer. Did you ever discuss with your officials, in person or in writing, the possibility of taxing health and dental benefits, yes or no? We can move on.

Hon. Bill Morneau: I think my job as Minister of Finance is to work with the team to constantly review our tax system and like any other part of our tax system, we would—

Hon. Pierre Poilievre: Is it yes or no?

The Chair: Is it not right to say that what would matter is the decisions and—

Hon. Pierre Poilievre: No. Thank you for your helping the minister out here.

The question is this: Did he discuss taxing health and dental benefits, yes or no? I think the answer he's implying is yes, he did.

I'll move on to another one. Did he ever discuss the idea of cancelling the small business tax deduction as part of that review?

Hon. Bill Morneau: To be clear, I'm not implying anything. I'm stating what—

Hon. Pierre Poilievre: Then, just answer.

Hon. Bill Morneau: I'm stating what Canadians would expect a responsible government to do and that would be to constantly review our tax code to make sure it's working effectively, and we'll continue to do that.

Hon. Pierre Poilievre: I think what Canadians would expect is a clear answer. If you have considered taxing their health and dental benefits, they would probably want to know about it. I'm simply asking for a yes or no answer. Did you discuss that idea with your officials, in person or in writing, yes or no?

Hon. Bill Morneau: What we will continue to do is to be responsible in our administration of taxes and what you can see, through the conclusions of those discussions and reviews is the outcome that we've put forward, that those benefits you're referring to continue to be non-taxable. That's the most important demonstration of our decision.

Hon. Pierre Poilievre: Right, so I think the question is whether you plan to tax them in the future. If you've considered taxing them and you've worked with your officials on taxing them, then Canadians have legitimate reason to believe you would try to do that again, given the chance. Your non-answer today should make a lot of people very nervous. You did not answer the question about whether or not you would cancel the small business tax deduction.

This reminds Canadians, of course, that the Prime Minister, then Liberal leader, refused to tell Canadians whether he'd cancel their children's fitness tax credit. He did so after the election when he no longer needed people's votes but still needed their money.

I will go on to my next question. Did you ever discuss with your officials the possibility of raising income tax rates above the level they have been at since 2016?

Hon. Bill Morneau: The responsibility of—

Hon. Pierre Poilievre: It's just a yes or no.

Hon. Bill Morneau: It's not appropriate to answer yes or no to a rhetorical question. What I will tell you is that, on an ongoing basis, we will responsibly administer our tax system.

Hon. Pierre Poilievre: It's not rhetorical to ask you if you've considered—

The Chair: Mr. Poilievre—

Hon. Pierre Poilievre: He had finished his answer, and it is not a rhetorical question if I ask if you have potential plans to raise people's taxes. That is a financial question. You are the finance minister. Your job is to answer these questions, and—

The Chair: That is your last question this round.

Hon. Pierre Poilievre: —you have refused to do so up until now, which confirms what your plans are. If you get the chance, you will raise taxes on Canadians, just like you did last time.

Hon. Bill Morneau: I would like to respond to say that this line of questioning is fundamentally absurd.

We have been clear on what we seek to achieve in our budget in 2019, as we were in 2018, 2017 and 2016. All of our plans are encapsulated in our budget. We are putting forward that budget for your consideration and the consideration of Parliament, because we want to try to continue with the positive economic results we've seen for Canadians and for our economy.

The Chair: Mr. McLeod, you have five minutes.

Mr. Michael McLeod (Northwest Territories, Lib.): Thank you, Mr. Chair.

Thank you, Minister, for coming to answer some of our questions.

I also want to talk about tax credits, but before I do that, I want to thank you for clearly highlighting the north in this budget. Over the last few years, we have seen some significant investments, and this coming fall, we're going to see a number of infrastructure projects starting off.

The Whati road will start construction, with an indigenous government as a partner. We'll see the Mackenzie Valley Highway undergo an environmental assessment. The Great Bear River bridge should be under construction. There are a number of things that are really going to benefit us in the Northwest Territories, including the

studies going on for the Slave geological province corridor and the Taltson hydro dam expansion. That is something that will help us with our costs.

For many years now, we've flagged to you that in the north, the mining industry is the backbone of our economy. We've always been talking about ways to lower the costs of the mining industry, and others, to come north. It is significantly more expensive to come to the Northwest Territories and other territories to do exploration and projects there.

I was very happy to see that the mineral exploration tax credit was expanded to a period of five years. Maybe you could tell us a bit about how we finally got to that decision, and about some of the benefits of that.

• (1615)

Hon. Bill Morneau: Stepping back, from day one we have seen that the mining and metals industry is an important industry for Canada. Obviously, it's an industry that, even in the time we've been in office, has gone through some challenging periods and is now seeing some more success.

The mining exploration tax credit in particular helps junior exploration companies with their investments. It helps them to raise the capital they need to succeed, which we see as critically important for projects that in many cases are quite risky, without assurance of what the eventual outcome will be. Many good, well-paying jobs are created through this industry, not least in the north, which we recognize.

One of the things that I found in the course of doing this job over the last few years is that each year, as had been the case in previous years, before we got into office, there was a one-year extension of this mining exploration tax credit. From the standpoint of those businesses making these investments, that leaves them with a planning horizon that's not as effective as it could be. It was in that context that we looked at the importance of the sector and the jobs, and realized it would be a more effective tax credit if people had a longer time horizon. That was how we got to the conclusion to make it five years.

Mr. Michael McLeod: In the north we recognize that we have an infrastructure deficit, and as I pointed out, I think we're doing quite well on that front. We need investment to help a healthy economy, but we also need to deal with the indigenous concerns. The land tenure issue is still on the table for many indigenous governments. Self-governance, or governance period, is an issue we need to sort out. We've done many good things on that front. I think we've moved forward and had very good discussions. We need to continue with that.

In terms of the cost of negotiations, the negotiation process is very expensive for the indigenous governments but also for our government, and we've seen many cuts during the time of the Conservatives that left us with very few negotiators on the federal side and very little in terms of resources from the indigenous side. I was really happy to see that we've looked at forgiveness and reimbursement for comprehensive land claims. I'm hoping that is going to help many of the indigenous governments move forward. One of my communities that settled self-government took 20 years. It was very expensive and very slow. We need to make that a better, easier process to move forward.

I'd like you to talk a bit about the importance of these measures to our government and how we can build on the progress we've made so far.

The Chair: You'll have to talk pretty rapidly, Mr. Minister. I want to keep people close to their time frames.

Hon. Bill Morneau: Then I can say just a few things.

First of all, this is obviously very important. If we're going to negotiate on a nation-to-nation basis with first nations, we need to realize that in many cases the groups we're negotiating with just do not have the resources to be at the table, and they certainly don't have the resources to be at the table for a sustained period of time.

Obviously, loans that have been around for a long time create huge challenges for first nations groups. That was the context. We wanted to deal with the historical challenge, but also enable getting to the process of those continuing negotiations in a way that made sense. Funding those groups that are trying to get to a better place is an important step.

• (1620)

The Chair: Thank you both.

We'll turn to Mr. Poilievre, then back to Mr. Fergus, and then to Mr. Dusseault.

Hon. Pierre Poilievre: Yesterday's Parliamentary Budget Officer's report said, "Budget 2019 provisions—\$3.8 billion for non-announced measures." It goes on to say, "The negative amount indicates a...source of funds, which suggests either increased taxes and/or reductions in expenses."

Where will you find that \$3.8 billion?

Hon. Bill Morneau: I think that's not the right way to characterize that. I'd like to ask Nick if he wouldn't mind coming up and providing more fulsome discussion.

Hon. Pierre Poilievre: Stop the clock.

The Chair: We'll stop the clock while Nick comes to the table.

Hon. Bill Morneau: He even has his own name tag, so we're ready to go.

The Chair: Mr. Leswick, the floor is yours. Again, please be fairly concise.

Mr. Nicholas Leswick (Assistant Deputy Minister, Economic and Fiscal Policy Branch, Department of Finance): Yes, you bet. I'm Nicholas Leswick, assistant deputy minister of fiscal policy at the Department of Finance.

Those amounts were recorded in budget 2019. They were effectively the unwinding of provisions that were made in previous periods—previous budgets and previous fall updates—where the government had effectively set aside money for future spending in future budgets. The amount of money you cited is effectively the unwinding of those provisions in the budget 2019 period. It was funding the measures that were outlined in budget 2019.

Hon. Bill Morneau: For clarity, it's the opposite of what you were saying. This is our having made a provision. It is—

Hon. Pierre Poilievre: It's what the Parliamentary Budget Officer was saying, to be clear.

Hon. Bill Morneau: That's exactly right. It's exactly the opposite. It's the unwinding of a provision that was there. There's no need for a source of funds. That was the source of funds.

Hon. Pierre Poilievre: That is the opposite of the understanding of the Parliamentary Budget Officer. So far he has been much more accurate in predicting your financial decisions and their consequences than you.

Mr. Minister, I'm going to quote here from Reuters news, which says, "China restarted construction on more than [50,000 megawatts] of suspended coal-fired power plants last year". Further, the article goes on to say that satellite images show China has "quietly resumed" construction in 2018 on dozens of previously shelved plants, making it a "glaring exception to the global decline" of coal use.

Did you get any commitments from China that it would stop building coal-fired plants when you handed over a quarter of a billion Canadian tax dollars to the China-controlled Asian infrastructure bank, yes or no?

Hon. Bill Morneau: You know, unfortunately—

The Chair: It's not a yes or no question.

Hon. Pierre Poilievre: Actually it was, but thank you.

Hon. Bill Morneau: The decision to get involved with international development banks is, as we see it, important for the global economy. We see it as important, in particular, for less-developed countries. It helps to create export markets for Canadian goods. It helps to improve the global economy. That's what we seek to continue to do. The Asian Infrastructure Investment Bank in question is an international development bank that's looking to improve the economic success of some less-developed countries, which we see as particularly important in the globe.

Hon. Pierre Poilievre: This is a bank that will fund projects in China.

According to the CBC, China is the second-biggest military spender, with expenditures set to rise by 5%—that's to \$250 billion—in military spending in the 24th consecutive increase in that country's military budget. You claim that China is a less-developed country in desperate need of our help. It's economy is growing five times faster than Canada's. Why do you think that China and this China-controlled Asian infrastructure bank need Canadian tax dollars more than Canadians do?

Hon. Bill Morneau: I can just repeat that we see working with international development banks as an important part of ensuring that our global economy continues to be successful. It helps people in less developed countries around the world. It's helping Canadian exporters find markets. These are all important issues. We'll continue to be part of those global banks, together with our allies. The case of the Asian—

•(1625)

Hon. Pierre Poilievre: The OECD is estimating that China is going to spend over \$8 billion on its civil and military space program—a luxury by anyone's imagination. You consider the country so poor that it needs a quarter of a billion Canadian tax dollars, Minister.

Can you understand that when Canadians look at your giving their money away to this China-controlled bank and see that country maxing out its military and space programs, that your priorities are completely out of whack?

The Chair: Minister, I'll give you time to answer both those questions.

Hon. Bill Morneau: I think it would be important for Canadians to understand that we see it as important to work with development banks. We do that alongside like-minded countries. In the case of this particular bank, which is independent of any government—

Hon. Pierre Poilievre: Ha! Right. It's China-controlled.

The Chair: You're out of order, Mr. Poilievre.

Hon. Bill Morneau: We've made investments together with Australia, New Zealand, the United Kingdom, France, Germany and many other countries in order to work to ensure that we make a difference around the world. That has direct benefits to Canadians, for all those producers of Canadian products who are able to find international markets because economies are—

Hon. Pierre Poilievre: Like canola producers...?

The Chair: Thank you both.

Mr. Fergus.

[*Translation*]

Mr. Greg Fergus (Hull—Aylmer, Lib.): Thank you very much, Mr. Chair.

Minister, thank you very much for being here once again before the Standing Committee on Finance. I'd like to point out that this is not your first appearance here.

I will ask my first question on behalf of the seniors in my riding of Hull—Aylmer.

Since 2015, the government has taken steps to help our seniors on several occasions. We increased the guaranteed income supplement

by approximately \$1,000 in 2015, for seniors who live alone. We concluded an agreement with Quebec to broaden the Quebec Pension Plan so that retired people will receive up to 50% more when they retire. However, even with those changes, there are still seniors in need.

Minister, can you tell us about the measures in Budget 2019 to help our seniors?

Hon. Bill Morneau: Thank you.

You are correct, we have done a lot for seniors throughout the country, but we know there is more to do. This is an important challenge. It's difficult for seniors to live their retirement in dignity if they don't have enough money.

We had already taken several steps three years ago, but this year we did something important: we made sure that anyone who is eligible for CPP would automatically receive their benefits. We discovered 40,000 Canadians who are eligible for those benefits. This measure will help several seniors, particularly women, who did not stay on the labour market for long during their career.

In addition, we established a new approach for people who have already retired, who can continue to work without having their guaranteed income supplement reduced. Those retirees will have more money in their pockets, which will allow them to experience a more dignified retirement. In my opinion, that measure will also play a very important role in future in our economy.

•(1630)

Mr. Greg Fergus: This is very important for our seniors who contributed to building our country.

[*English*]

Minister, for people entering the workforce who are looking to buy their first home, in Hull—Aylmer a lot of homes have become unaffordable to a young couple or family trying to purchase their first home. This budget contained many measures to help first-time homebuyers.

Could you talk a bit more about the measures contained in the budget that could help a young couple afford their first home in my riding of Hull—Aylmer?

Hon. Bill Morneau: There are two important measures in this budget. First would have applicability for some people who have savings in their registered retirement savings plan. We increased the ability for people to take money out of their RRSPs to put toward their first home from \$25,000 to \$35,000. That will obviously not help everyone, because many people won't have that amount of money in an RRSP, but for some people it will enable them to have more money to put toward their first home.

Second, importantly, we looked at how we could find a way to target first-time homebuyers and make the possibility of a home more feasible for them. We've come up with a first-time homebuyers incentive. This incentive is targeted, obviously, to first-time homebuyers, but also to people who are just not quite able to get into the market.

Families with up to \$120,000 in annual income will be able to buy a home of up to four times that income, so up to \$480,000. They'll be able to take part of their mortgage, either 5% for an existing home or 10% for a new home, and put that to the Canada Mortgage and Housing Corporation in the form of what we call a shared equity mortgage. This would effectively reduce the amount of their monthly mortgage payments by 5% or 10%, which would give them the ability to get into a home more rapidly and do so in a way that would allow them to have more income to raise their families, which is the situation for many people.

There are about 500,000 homes purchased each year in Canada, but 100,000 of them are by first-time homebuyers. This will increase by maybe 30% in each of three years, so there will possibly be up to 100,000 new families over a three-year period who will be able to get into a first home who wouldn't have otherwise. It's a significant change.

The Chair: Thank you, both.

We'll go to Mr. Dusseault and then back to Mr. Ruimy.

[Translation]

Mr. Pierre-Luc Dusseault: Thank you, Mr. Chair.

My intervention will be brief.

Minister, I'd like to go back to my previous topic, since I haven't finished asking my questions. I'm trying to understand why, after four years, you have not yet found a solution with regard to deductions for stock options. You, yourself, have already received stock options from Morneau Shepell, did you not?

Hon. Bill Morneau: No.

I once received stock options.

Mr. Pierre-Luc Dusseault: Did you receive them or not?

Hon. Bill Morneau: No, I have never received stock options.

Mr. Pierre-Luc Dusseault: Fine.

When can we expect measures to be announced? In the 2019 budget document, you said that it would be this summer. I imagine that "this summer" meant before the election campaign. Can we realistically expect you to meet that promise before the election?

Hon. Bill Morneau: We are studying the approach we will take.

Mr. Marsland, could you provide more details?

[English]

Mr. Andrew Marsland: As the budget said, the objective is to align the Canadian regime in a similar way with the U.S. regime, which limits the amount of options an individual can obtain.

[Translation]

Mr. Pierre-Luc Dusseault: Will these changes require legislative amendments?

If so, we can't expect those changes to take place before the election, because once summer has begun, Parliament will adjourn its work and will not sit again before the vote.

Hon. Bill Morneau: We are studying the matter. Over the next few months, we will explain in greater detail how our growing businesses will be able to keep their advantage, and how people who really earn a lot in their jobs will pay tax as they would if they were subject to the American regime. We are looking for a fair balance among various possibilities so that our companies may benefit from our system while we ensure that people aren't earning too much.

●(1635)

Mr. Pierre-Luc Dusseault: You have been saying for four years that you are looking for a solution.

My other question concerns another broken promise. Since 1997, the Liberal Party has been promising universal pharmacare. You reiterated that promise in 2015 but today you are announcing that you will once again postpone its execution. If you manage to fulfil your promise—you've been talking about it for 23 years—can you commit today to making that drug plan universal and public? Those two components are essential if the system is to function well.

Hon. Bill Morneau: We think it's a very important issue. We think our current system does not work as it has two problems. First, it costs too much since it is the third most expensive in the world after Switzerland and the United States. Secondly, our system does not provide universal access.

We set out two initial measures in our budget to guarantee that every Canadian would have access to a national and affordable drug plan. The first measure is the creation of the Canada Drug Agency, which will see to it that the price of our drugs is competitive. The second measure is a national form that will guarantee that our system will be more effective and cost less.

Mr. Pierre-Luc Dusseault: Will the plan be public?

Hon. Bill Morneau: We are also proposing a strategy regarding expensive medication for the treatment of rare diseases. Our budget sets out an approach that would see the federal government help Canadians with rare diseases access the drugs they need.

Those are two important elements and we are going to continue in that direction.

Mr. Pierre-Luc Dusseault: So, the regime will be public.

[English]

The Chair: Thank you, Mr. Dusseault and Mr. Minister.

We'll go to Mr. Ruimy and then to Mr. Richards.

Mr. Dan Ruimy (Pitt Meadows—Maple Ridge, Lib.): Thank you very much for having me here today and for your being here today.

It's been very interesting listening to all the testimony we've had. The thing that stands out to me is that every budget since 2015 has specifically been focused on benefiting people in this country, whether it's through the Canada child benefit—my community of Pitt Meadows—Maple Ridge gets on average about \$5.5 million per month being applied to about 18,000 children—or the national housing strategy, which I really like because it's over a 10-year period and it brings certainty to developers and projects and non-profits who can actually access those and who plan to access those.

When we look at everything we've been doing, what I like about this budget, and maybe you can expand on it.... In my riding we have a food bank called Friends in Need Food Bank. I've volunteered there a few times. When I go there, it's heartbreaking to see young families standing in line to try to feed their kids. It's a challenge, and they raise a lot of money on their own. They do a lot of volunteer work to make sure the programs work for them. Then we hear about many young people across our country who are in the position that their kids go to school hungry. In fact we heard recently about the Ontario government dialling back on school breakfast programs. I struggle with this, because if we want our kids to succeed, we need to be able to take care of them.

Moving forward, are the initiatives in budget 2019, such as the national school food program and the local food infrastructure fund, going to help support students and food banks in communities such as my own of Pitt Meadows—Maple Ridge?

Hon. Bill Morneau: First of all, thank you for the question. I think you identify the challenge we all face in trying to make sure that everyone has equal opportunity. If children don't have enough access to food, clearly being successful in school is virtually an insurmountable challenge. We saw that the most important way we could start to get at this was, as we did in budget 2016, by ensuring that families, as they're raising their children at what is a very expensive time in their lives, have more money to raise their children. That's going to make an enormous difference.

Just to put numbers on that, the typical family of four in 2019 at a median income will be about \$2,000 better off than they would have been in 2015. That's including everything. That's including all of the measures we took. That's really important.

We also realize that we need to do more. The idea around thinking about a food program for children is taking a federal leadership role in a place where all the provinces may not be yet. That's what we're trying to achieve by coming to some sort of national standard. We see that as critically important as people are going through their years. We're not responsible for the education system—that's a provincial responsibility—but we can certainly help people to be successful as they're going through education.

We've seen that in other measures in our budget as well, because we've thought not only about families being successful and kids being successful in school but also about how we ensure that they continue to be successful afterwards. It's putting in place, as we've done, the ability of students, as they get past primary and secondary school, to have work-integrated learning so they can get the kinds of skills they need to be successful at work afterwards. This budget made a really important commitment to ensuring that we'll have 150,000 spaces for co-ops or work-integrated learning over the next

few years, working together with business and government, so that pretty well every single student who wants to have a work-integrated learning position after school will be able to have one.

We're trying to make sure that we think about the families and that we think about the kids as they're in early years, and that we then create opportunities later on in a way that's not all going to be federal. In the case of, in particular, as I said, the work-integrated learning, much of it's coming through business commitments and we see that as important because we're all facing up to this challenge together.

• (1640)

The Chair: Thank you, both.

Mr. Richards.

Mr. Blake Richards (Banff—Airdrie, CPC): You've been asked a number of times today about the TMX pipeline. You keep saying that you want to be clear, but unfortunately I don't think you could have been more unclear. Can you give a commitment today that there will be a decision about that pipeline and whether it's going to proceed before the next election, yes or no?

Hon. Bill Morneau: I actually think it's really clear what I've said.

We have a court decision on the pipeline.

Mr. Blake Richards: Yes or no?

Hon. Bill Morneau: That court decision said that—

Mr. Blake Richards: Okay, I've heard all of this before, Minister.

I apologize for interrupting you, but you keep repeating this whole thing about waiting for a decision about this and that. What people want to know—the thousands of Albertans who are out of work and are waiting for a chance to have an opportunity for their future—is whether your government is going to give them a decision before the next election. Is it yes or no? I don't want to hear all the rhetoric and all the rest. I just want to hear this. Will there be a decision before the next election, yes or no?

Can you commit to that today or not?

The Chair: Mr. Richards, there's rhetoric and repetition on both sides.

The minister is going to have the opportunity to answer the question however he wants to answer it in the same time frame as you can ask the question.

Mr. Minister.

Mr. Blake Richards: It should be a yes or a no, Mr. Chair.

Hon. Bill Morneau: For absolute clarity, we are in the process of engaging and doing that with indigenous peoples.

We have stated publicly, and I'm happy to state here, that we believe that process will conclude—we've committed that it will conclude—with a cabinet discussion and a hopeful decision on June 18. That is the time when I would be happy to be talking publicly about next steps, if any.

We recognize that doing this in the right way is the only way to get projects like this done.

Mr. Blake Richards: You're saying that on June 18, you're going to have this process wrapped up. That gives lots of time before an election.

Will there be a decision before the election, yes or no? It's a simple answer.

Hon. Bill Morneau: I'm happy to repeat what I just said.

Mr. Blake Richards: Yes, but that's not the question I'm asking you, Mr. Minister. I'm asking you if your government is going to make a decision before the next election.

You can imagine why a lot of people are suspicious here. Is it a yes or is it a no? Will there be a decision or not?

•(1645)

Hon. Bill Morneau: I don't think there's any need for any concerns around suspicion. We've been responding to—

Mr. Blake Richards: Are you kidding me?

We're asking you a simple yes or no question—will there be a decision or not—and you refuse to answer it. People deserve to know. There are thousands of Albertans out of work and they deserve to know the answer. Is it yes or is it no?

The Chair: Minister, you have the floor.

Hon. Bill Morneau: We'll continue with an approach that we believe will get us to the position where we can take a decision on June 18. That is—

Mr. Blake Richards: There are thousands of Albertans who are out of work and are hurting right now, and they deserve an answer. I really hope you're going to give one, Minister.

Is it yes or no? Will we have a decision before the next election, yes or no? That will give you lots of time. I don't want any more of the rhetoric. I just want a yes or a no. Will they have a decision or not?

Mr. Greg Fergus: Mr. Chair, I have a point of order. Obviously the honourable member across the way is not allowing the minister an opportunity to respond to the question.

Mr. Blake Richards: He's not responding. Yes or no is what we're asking for here.

Mr. Greg Fergus: In almost any other forum, it would be considered quite rude.

The Chair: Mr. Minister, you have the floor.

Hon. Bill Morneau: Thank you, Mr. Chair.

Maybe for context, we see the importance of the Trans Mountain pipeline and the Trans Mountain pipeline expansion to the oil and

gas sector in our country. It's the reason we moved forward on purchasing that pipeline and that opportunity to expand the pipeline.

We obviously are seeking to—

Mr. Blake Richards: Then why can't you just tell us when there will be a decision?

The Chair: Mr. Richards, allow the minister the time to—

Mr. Blake Richards: If it's so important, you should be able to tell us the answer. Is it yes or no? Will there be a decision?

The Chair: Let's be civil and allow the minister to answer the question in his time.

Mr. Blake Richards: He's just trying to kill time and not answer the question. That's the problem, Mr. Chair.

The Chair: From my perspective, I would say that he added new information in that last answer.

Mr. Blake Richards: If he says it's important, then he should be able to give us the decision. Is it yes or no?

The Chair: Mr. Minister, the floor is yours.

Hon. Bill Morneau: We are seeking to make sure that this project is one that can be done in the right way. The failed record of the previous government in getting resources to international markets must be considered here.

The approach that is being advocated implicitly, which is to take a decision absent a process that includes the people who want to be involved in that process, has led us—

Mr. Blake Richards: You have indicated that you will have all the information you need by June 18—

The Chair: Okay, that—

Mr. Blake Richards: —which gives you plenty of time before an election to make a decision. All I'm asking you to do is to commit to making that decision prior to that election.

Mr. Greg Fergus: I have a point of order, Mr. Chair.

Mr. Blake Richards: There's plenty of time, Minister. Would you make a decision before the election, yes or no?

The Chair: Minister, you have time for a fairly quick answer here and then that round is over.

Hon. Bill Morneau: As I've said, we are looking to make sure that we do this in the right way. The right way means considering the approach that was presented to us by the court, which we are doing, and we look forward to the next steps.

The Chair: Who's starting?

Ms. Rudd, you're splitting this round and then we'll have time for a five-minute round over here.

Go ahead, Ms. Rudd.

Ms. Kim Rudd: Thank you, Chair.

Minister, I only have a short period of time so I want to ask you if you could talk about the measures for energy efficiency within the budget. Certainly, it has been identified by experts that energy efficiency is one of the best things we can do within the global plan to fight greenhouse gas emissions.

Coming from a rural riding, again the energy efficiency around saving money on energy allows people to put more money in their pockets. It also reduces greenhouse gas emissions. Can you talk a bit about it? In Ontario, of course, it was cancelled by the Ford government and I'm really happy to see us step forward.

Hon. Bill Morneau: Thank you.

There are a number of measures. Obviously, putting a price on pollution and giving a rebate back to citizens in Ontario and in three other provinces is important, so I think people will be very pleased when they get those rebates. The overwhelming majority of families—80% of families, plus—as the Parliamentary Budget Officer has reported as well, will be getting more back in the rebate than the price on pollution.

We also, though, recognize that we want to see the opportunity for energy retrofit issues that are going to be important for households, for municipalities, so we put money towards the Federation of Canadian Municipalities green approach towards funding infrastructure projects. That, we think, will allow people at the municipal level to retrofit buildings that will provide opportunities for green approaches to reconsidering infrastructure. We see that as important.

We've also put in place measures so people can get an advantage if they are buying zero-emission vehicles. People are out buying all-electric cars. There are a couple of them out around Parliament Hill today. It will help people to get into vehicles that will actually have less of an impact on the environment. We see that as important. That goes a little further because it also allows firms that are building fleets of cars to have an accelerated ability to depreciate those fleets if they are zero-emission vehicles.

There are multiple things to help move the dial. What we're clearly seeing is that Canadians are recognizing that the impacts of climate change are real and enormous. It's obvious in and around this region of Ottawa, or in Quebec. I was meeting with the Premier of New Brunswick this morning in New Brunswick. The devastating impacts of climate change are real and we're trying to take action to make an important, long-term difference.

•(1650)

The Chair: Mr. Sorbara.

Mr. Francesco Sorbara: Thank you, Mr. Chair, and thank you, Minister.

Minister, yesterday we had the Bank of Canada governor come to committee. With that, we discussed many things including some of the information contained in the monetary policy report and with reference to the recent Ontario budget brought down by the Conservative Party of Ontario, which the Bank of Canada is now forecasting will negatively impact economic growth, not only in Ontario, obviously, but throughout Canada by 0.2% this year and flowing into 2020.

We've seen the cuts that the Conservatives in Ontario are undertaking to autism programs. This morning a \$50-million program to help parents with day care costs was cut. They are not moving forward on infrastructure.

With regard to budgeting, it is important that we reassure our residents—and my residents back home in Vaughan—Woodbridge,

specifically—that we as a government will continue to invest in those services that we provide and in those benefits for Canadians working hard, day in day out, to ensure a better future for not only my kids but all kids across Canada.

Hon. Bill Morneau: I wasn't here yesterday, obviously, to hear Governor Poloz with his comments, but I think what he was identifying was that when a government cuts back, as we're seeing happen in Ontario, it has a direct impact on the economy, which should not be a surprise to anyone.

Let's think back to the 2015 election when the Conservative Party and the New Democratic Party were both arguing for immediately balancing the budget. What they would have found was that they would be taking a lot of money out of the economy. In our estimation we should have been putting money into the economy.

It's no surprise that when you take money out of the economy, the economy contracts. We see those cuts in Ontario as cuts that are going to have a real impact on people, obviously, in myriad ways. Obviously, it will have a big impact on the students who won't have their student loans. For the travellers who won't have the ability to have health care provisions when they leave the country, that will have a real impact on them.

Our view is that we need to continue to be fiscally responsible, reducing our deficit and reducing our debt as a function of our economy over time. That's critically important, but we can do that while investing in people. We can do that while making sure that families are successful. We can do that while ensuring that our employment statistics and the real advantage of people being in jobs continues.

That balanced approach is our government's approach. Demonstrably it's working. We'll do that while we see places like Ontario make cuts.

The Chair: We'll have to wrap it up there, Mr. Minister.

We'll go to Mr. Poilievre for five minutes, and we'll have room for a couple of single questions, one from Mr. Dusseault and one from this side.

Go ahead.

Hon. Pierre Poilievre: You have accepted timelines for building pipelines, just none of them in Canada. Through the Asian infrastructure bank there are three pipeline projects that Canadian tax dollars will fund because of your decisions. Those pipelines happen on a fixed time frame, yet you won't give us a time frame for when construction will begin on the Trans Mountain pipeline.

I have a simple question. On what date will construction begin for the Trans Mountain pipeline? What's the date?

Hon. Bill Morneau: The reason that the previous Conservative government failed to get any of our oil resources to international markets through pipelines—

Hon. Pierre Poilievre: False.

I'm just looking for the date, Minister.

• (1655)

Hon. Bill Morneau: —was that the idea behind—

Hon. Pierre Poilievre: Date....

Hon. Bill Morneau: —a simple approach just didn't work—

Hon. Pierre Poilievre: Date....

The Chair: —so our approach instead is to take the appropriate approach based on what the Federal Court has asked us to do—

Hon. Pierre Poilievre: Can I have the date?

Hon. Bill Morneau: —and we're working on that right now and —

Hon. Pierre Poilievre: The date...?

Hon. Bill Morneau: —that will come to a conclusion on June 18 when the cabinet considers our next steps.

Hon. Pierre Poilievre: When will the construction begin? What date?

The Chair: Give the minister time to answer in the equal amount of time that you asked the question.

Hon. Pierre Poilievre: It doesn't matter how much time he has. He doesn't answer any questions anyway, so I'll move on to another one.

The finance minister introduced budget legislation that was widely reported to give a quarter of a billion dollars to the Asian infrastructure bank, but on closer examination we see that the same legislation authorizes him, in fact, to double the amount to half a billion dollars. We've been talking about the \$250-million taxpayer contribution you're giving the Asian infrastructure bank. Your bill allows you to double that amount.

Can you confirm that you will never use that authorization and that Canadians will not be forced to contribute one penny more than the \$250 million you have so far admitted?

Hon. Bill Morneau: I'm happy to talk about our continuing commitment to being part of the global community and ensuring that the global economy does well not only through our aid budget but through important investments in development banks so that we make a difference around the world. We've made a commitment to multiple development banks around the world. The International Monetary Fund is an example of an organization to which we've made a commitment. The World Bank we've made a commitment to —

Hon. Pierre Poilievre: I'm not asking about any of those things. I'm asking about the Asian Infrastructure Investment Bank. You didn't answer the question so would you tell us this? What is the maximum amount of money that Canadians will be forced to pay under your plan to the Asian infrastructure bank? Just the amount—

Mr. Greg Fergus: On a point of order, Mr. Chair, I'm just trying to understand the rules here.

Is the minister allowed to answer with a response of an equal amount of time as the question that is posed?

The Chair: Yes, he is, and it would be nice if he were allowed to answer the questions without interruption.

Minister, the floor is yours.

Hon. Bill Morneau: Thank you, Mr. Chair.

As I was saying, we have worked and will continue to work together with like-minded countries around the world—I've mentioned some of the countries such as the United Kingdom, France, Germany, Australia, New Zealand—to invest in development banks that can help to ensure that not only the most challenged countries in the world are more successful but also that the global economy does better, and that's—

Hon. Pierre Poilievre: What's the maximum amount of money Canadians will have to pay to the Asian infrastructure bank?

Hon. Bill Morneau: Am I able to continue with my response, Mr. Chair?

The Chair: You can continue your answer.

Hon. Bill Morneau: We see this as important. We think that the ability for Canada to be a responsible member of the international community and to help in all regions of the world—

Hon. Pierre Poilievre: I asked a five-second question. He was supposed to answer in the same amount of time in which the question was asked.

Again, what is—

The Chair: Mr. Poilievre.

Mr. Minister, the floor is yours, and you'll have time for one last question, Mr. Poilievre.

Mr. Minister, the floor is yours. Finish your answer and we'll go to one last question from Mr. Poilievre.

Hon. Bill Morneau: As I was completing my answer, we do see it as important for us to be part of that international community that's improving our global economy. It has been very successful over the last generation, as we've seen literally billions of people around the world being raised out of poverty. Some of it has obviously helped those people, but it also has helped industrialized countries like Canada to be successful as well, so we will maintain that even in the face of uneducated criticism on that approach.

The Chair: Thank you, Mr. Minister.

Mr. Poilievre, this is your last question.

Hon. Pierre Poilievre: That is the kind of elitism we have come to expect from you, Minister. You think that Canadians who are worried about the protection of their tax dollars are just uneducated, but maybe they didn't inherit massive family fortunes allowing them to go to fancy schools.

The Chair: We're not going to get into personal questions.

Hon. Pierre Poilievre: I'm going to ask you again, and you're going to get one last chance to answer this question.

What is the maximum amount of money Canadians will have to pay—

Ms. Kim Rudd: I have a point of order.

The Chair: Pierre, there's a point of order.

Hon. Pierre Poilievre: Look, I appreciate you're trying to protect the Minister.

The Chair: There's a point of order.

Hon. Pierre Poilievre: I appreciate you're trying to protect the Minister here, but I was in the middle of asking my question.

It's out of line for you to interrupt.

The Chair: There's a point of order from this side.

• (1700)

Ms. Kim Rudd: Thank you, Mr. Chair.

I see some irony in the comment that Mr. Poilievre just made about “that's interruption”, because I think that's what we've been seeing. Frankly, I would hope that this committee could operate in a respectful way when we have folks come before us. Thank you.

Hon. Pierre Poilievre: Right, I couldn't agree more.

The Chair: Mr. Poilievre, finish your question.

Hon. Pierre Poilievre: What is the exact maximum amount of money Canadians will be forced to give the Asian infrastructure bank? What's the amount?

Hon. Bill Morneau: We've made a commitment to the Asian Infrastructure Investment Bank. That was done I believe in budget 2018—

Hon. Pierre Poilievre: I just want the amount.

The Chair: No, Mr. Poilievre, the minister has the floor.

Hon. Bill Morneau: We continue to believe that this was an appropriate investment made with other like-minded countries to help less developed countries in the Asian region to be more successful.

The Chair: Mr. Dusseault, I committed to give you one last quick question.

[Translation]

Mr. Pierre-Luc Dusseault: I will be brief.

Last year, Canadians made investments of \$353 billion in the 12 most notorious tax havens. As Minister of Finance, you have a similar budget, that is to say approximately \$350 billion for the federal state. What is your reaction to that figure?

Hon. Bill Morneau: I don't know if those figures are accurate.

Mr. Pierre-Luc Dusseault: Those figures on direct foreign investment came from Statistics Canada.

Hon. Bill Morneau: I'm going to ask Mr. Marsland to answer that question.

What I can tell you, however, is that we introduced several measures in the budget to ensure that we have a system that will

protect our economy and allow us to fight money laundering and the funding of terrorist activities.

In our opinion, this is very important for our economy.

Over the past few years, we have done several things to improve the system, notably as concerns effective ownership, so as to know who the real beneficiaries are in organizations.

Mr. Marsland, what do you think of those figures?

[English]

Mr. Andrew Marsland: I'm sorry. I'm not familiar with the actual numbers you're quoting, so I can't comment on them.

[Translation]

Mr. Pierre-Luc Dusseault: Direct foreign investments in 2018...

[English]

The Chair: We'll have to leave it there.

To wrap it up, Mr. Fergus, you have the final question, and we're all done.

Mr. Greg Fergus: Mr. Minister, given your reception here, I find it amazing that you always say yes when we invite you to come to the committee. Could you tell us how many times you've come to this committee and how this compares with other previous ministers of finance?

Hon. Bill Morneau: Over my three and a half years, this is my 16th visit to a parliamentary committee. I guess in contrast to the previous government, over 10 years the finance ministers attended committee 20 times, so my record is about four times per year as compared with the previous government, which was about twice a year.

This is consistent with our approach to making sure that we make ourselves available to the committee and to Canadians. We think that's important. It's a way for us to talk about the important things we're trying to achieve and answer important questions that help people understand how the government is working on their behalf.

The Chair: With that, thank you, Minister and officials, for coming. Sometimes we have an exciting time and sometimes not so much, but that's what happens around Parliament. Again, thank you very much for your willingness to come.

We will suspend briefly and ask officials who have been here before, for part 4, division 1, to come to the table.

The meeting is suspended.

• (1705)

(Pause)

• (1710)

The Chair: We'll reconvene.

We're dealing with officials on part 4, division 1, subdivision A and subdivision B. I guess we'll begin with subdivision A on the Bank Act. I'm not sure if anyone is making a presentation to start.

Who's up?

Ms. Margaret Teczynska (Director, Strategic Initiatives, Financial Institutions Division, Department of Finance): Mr. Chair, I am. Thank you.

The Chair: Margaret, you're up.

Could you introduce yourself too, please?

Ms. Margaret Tepochynska: My name is Margaret Tepochynska. I'm the director of strategic initiatives at the Department of Finance. With me is Eleanor Ryan, director general of the financial institutions division, and Mary O'Connor, special adviser.

Part 4, division 1, subdivision A proposes three technical amendments to the Bank Act in support of the budget 2019 announcement that legislative amendments would be proposed to modernize corporate governance for federally regulated financial institutions.

The first amendment relates to federal credit unions. Budget 2019 announced that legislative amendments would be proposed to provide members of federal credit unions with more options for voting, prior to and at annual general meetings, as well as improved means for participation in the voting process at the annual meetings. Provincial law gives provincial credit union members a wide variety of voting options. Provincial credit unions that have transitioned to the federal charter have asked for similar variety under the federal framework.

The proposed amendment will make it easier for members of federal credit unions to exercise their right to vote by adding more options—by phone, electronically or in person at a branch prior to the annual general meeting—in addition to the current way of voting at the meeting and by mail. This amendment was identified by federal credit unions as a means of enhancing their members' participation in the decision-making of federal credit unions.

The next set of amendments relates to the proxy regime under the Bank Act. They clarify the authorities for the form of proxy regulations and update existing language related to the solicitation of proxies to make it consistent with the Canada Business Corporations Act and in line with drafting conventions. The objective of the proxy-related provisions in the legislation is to ensure that companies provide shareholders with adequate information about their company so that shareholders can exercise their voting rights in an informed manner. To do so, the regulations set out the form of proxy, the proxy circular and the powers granted in the form to enable shareholders to appoint a proxy holder to act on their behalf and receive the necessary information.

The Standing Joint Committee for the Scrutiny of Regulations has highlighted the need to update existing out-of-date references in the form of proxy regulations. In response, and as a first step, a legislative amendment in the Bank Act is being proposed to broaden the authority for regulations that set out the proxy framework. Provisions that define solicitation and the rules surrounding soliciting a shareholder's proxy will be amended as well to clarify language and make bijural updates. These changes are consistent with the Canada Business Corporations Act's definition of solicitation and the modern drafting conventions.

The department conducted broad consultations in the context of the 2019 financial sector legislative review, as well as targeted consultations with industry on these amendments. The Canadian Credit Union Association and the federal credit unions requested that the Bank Act be amended to permit federal credit union members

more voting options. The department has also had an ongoing dialogue with the Standing Joint Committee for the Scrutiny of Regulations in regard to updating the proxy framework for banks and bank holding companies. In February 2019, departmental officials appeared before the committee to present a planned approach to update the Bank Act and then the form of proxy regulations. The committee was supportive of the proposed approach and requested a timely implementation.

This concludes my overview of the provisions. We are able to answer any questions you may have. Thank you.

The Chair: Are there any questions on the amendments to the Bank Act?

Mr. Dusseault is first.

• (1715)

[Translation]

Mr. Pierre-Luc Dusseault: Thank you, Mr. Chair.

With regard to federal credit unions, will the new voting methods at annual general meetings reflect an established practice in the private sector with regard to shareholder general meetings, or other types of meetings?

Does that reflect the new reality in many other areas?

[English]

Ms. Margaret Tepochynska: I'll respond first, and then maybe Ms. Ryan will follow.

This is actually a practice that is currently used by the provincial credit unions, so indeed in the private sector. We are just trying to augment the set of choices that are available.

The Chair: Ms. Ryan, do you have anything else to add?

Ms. Eleanor Ryan (Director General, Financial Institutions Division, Financial Sector Policy Branch, Department of Finance): Perhaps I have just one clarifying point, which is that, as you may know, for the most part credit unions are incorporated under provincial jurisdiction. The provincial credit unions do have an option, if they want, to expand business beyond their provincial borders to opt to become federal credit unions. Two of them have, and those credit unions, now federal, have sought out this additional voting option that they previously had when they were provincially incorporated and regulated.

All we're doing is creating the same flexibility for them under the federal framework that they had under the provincial framework.

The Chair: Do you still have more?

[*Translation*]

Mr. Pierre-Luc Dusseault: As Deputy Chair of the Standing Joint Committee for the Scrutiny of Regulations, I simply wanted to thank our witnesses for the work they have done, which also moves things along in the right direction on the other matter as well.

[*English*]

The Chair: Okay.

I have Mr. Sorbara next. The bells are ringing. Are we agreeable to going for another 20 minutes?

Mr. Tom Kmiec (Calgary Shepard, CPC): No.

The Chair: No? Okay.

We need unanimous consent to continue after the bells start to ring.

How many votes are there? Does anybody know?

Ms. Kim Rudd: I think there are three or four.

Mr. Tom Kmiec: There are three.

The Chair: We won't be back before 6:30. In that case, we will adjourn. We'll have to come back on what day...?

A voice: Tomorrow.

The Chair: I guess we will see you tomorrow at 11. The meeting is adjourned.

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